

Annual Report

1999-2000

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**British Columbia
Assets & Land Corporation**

An agency of the government of British Columbia

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mandate

This annual report reflects the organizational structure and business objectives in place for the period April 1, 1999 to March 31, 2000.

To issue and manage
British Columbia
government tenures
on Crown lands, market
Crown land throughout
British Columbia and
seek partnership
arrangements and/or
sell other Crown assets.



**British Columbia
Assets & Land Corporation**

An agency of the government of British Columbia

M E S S A G E F R O M T H E M I N I S T E R

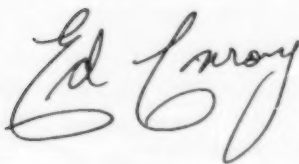
I am pleased to submit the 1999 - 2000 Annual Report of the British Columbia Assets and Land Corporation.

As land is one of British Columbia's greatest assets, the B.C. Assets and Land Corporation (BCAL) plays an important role in supporting B.C.'s economic growth and development. As Minister of Agriculture, Food and Fisheries and Minister Responsible for Rural Development, it is my job to oversee the activities of BCAL and its contributions to the provincial economy.

British Columbia's economy has been experiencing growing and competing demand for Crown land throughout the province. Some of this demand results from rural and resource-based communities interested in expanding and diversifying their local economies. I have asked BCAL to support community economic development and diversification projects that encourage the sustainable use of Crown land and assets.

I am pleased to report that BCAL has demonstrated some concrete results in the achievement of these goals during the period of this report. BCAL successfully initiated the new Shellfish Development Initiative which is designed to assist coastal communities that have lost jobs in forestry or other fishing industries. As well, the corporation approved two major ski hill development projects near the communities of Golden and Vernon, and, working with the town of Woss, transformed it from a company-owned town to a people-owned town.

I look forward to even greater achievements using Crown land and assets for environmentally sustainable economic development projects benefiting all British Columbians in the fiscal year 2000/2001.



Honourable Ed Conroy
*Minister of Agriculture, Food and Fisheries and
Minister Responsible for Rural Development*

MESSAGE FROM THE CHAIR PRESIDENT & CHIEF EXECUTIVE OFFICER

For the British Columbia Assets and Land Corporation, the year 1999/2000 was marked by the dedication of the corporation's resources toward improving our capacity to respond to communities throughout the province.

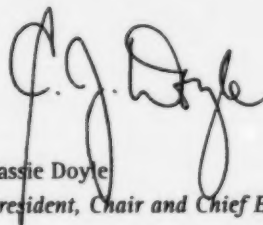
In its present form, the British Columbia Assets and Land Corporation is a relatively new entity. Our current mandate has only been in place since 1998. In recent years, we have been actively engaged in building a new organization and making use of our new agency status to encourage innovative approaches to achieving our business goals and enhancing our service.

During 1999/2000 the corporation concentrated on developing a more efficient review of projects with potential to direct new economic and investment opportunities to communities across B.C. Projects affecting rural and coastal communities were given priority in keeping with the direction set for BCAL by the provincial government.

We at BCAL also worked to ensure that our responsibilities for Crown assets are transparent and understandable to all British Columbians. We developed a clear focus on communicating our corporate mandate, explaining our application processes and providing high quality information about our business dealings.

BCAL is in a unique position to play a leadership role in supporting communities as they work to respond to their changing economic base. We do this in a manner that respects the aboriginal and environmental values on Crown land and our responsibility to consult and reflect these values in land use decisions.

I am proud to lead a dedicated team at the British Columbia Assets and Land Corporation who are committed to seeking out environmentally and economically sustainable opportunities to achieve the most beneficial use of Crown resources. On behalf of all of the employees at BCAL, we appreciate having the opportunity to provide this important service to the people of British Columbia.



Cassie Doyle
President, Chair and Chief Executive Officer

C O R P O R A T E P R O F I L E

MANDATE

British Columbia Assets and Land Corporation (BCAL) is a specialized agency of the provincial government with authority to make Crown land and assets available for environmentally responsible economic growth and public benefit.

Originally incorporated as W.L.C. Developments Ltd. in January 1983, the government created the Crown company for the specific purpose of developing and marketing Crown land in the Village of Whistler. This mandate was expanded in 1997 when responsibility for developing and marketing Crown land throughout the province of British Columbia was transferred from the Crown Lands Branch of the Ministry of Environment, Lands and Parks.

The corporation was renamed and created in its current form on October 2, 1998. At that time, the Minister of Environment, Lands and Parks delegated responsibility for Crown land sales and Crown land tenures to BCAL. The corporation's responsibilities were defined in a delegation agreement between the two organizations requiring BCAL to operate within existing legislation – primarily the *Land Act* – and to work within provincial land use plans and the policies of the Ministry of Environment, Lands and Parks.

The principle reason for transferring the functions of Crown land sales and Crown land tenures to the corporation was to provide government with a more focused approach to managing Crown land and other Crown assets. In particular, the government desired a tool for supporting the diversification of local economies.

FUNCTION

BCAL fulfills its mandate through responsible development, marketing and leasing of Crown land for residential, commercial, industrial, agricultural and recreational use. BCAL also evaluates major government assets and operations and undertakes business ventures and partnerships that improve the use of Crown assets for the benefit of the taxpayer.

The corporation manages a portfolio of more than 30,000 Crown land tenures and a property-portfolio of approximately 1,000 properties across British Columbia. Crown tenures include licenses, leases, permits and rights to Crown land. BCAL reviews and processes tenure applications, issues tenures, collects rents, and has responsibility for monitoring and enforcement of the *Land Act*, including trespass provisions. BCAL also designates land as reserves in the interest of other agencies such as the Ministry of Environment, Lands and Parks and the Ministry of Transportation and Highways.

ORGANIZATION AND STRUCTURE

The B.C. Assets and Land Corporation is incorporated under the Company Act of British Columbia. The shareholder is the Province of British Columbia with the Minister of Agriculture, Food and Fisheries and Minister Responsible for Rural Development holding the sole issued share on behalf of the province. The Minister appoints a Board of Directors, comprised of several deputy ministers and the CEO of BCAL.

Throughout 1999/2000, BCAL reported to the Legislature through the Minister of Agriculture, Food and Fisheries and Minister Responsible for Rural Development. As a Crown corporation, BCAL operates

as an agent of government and is required to comply with all government policies and directions including those that deal with the government's obligations to consult with First Nations and with Land Use Plans approved by the government.

BCAL acts as government's agent with respect to land tenures, surplus land allocation and asset dispositions and is governed by the Delegation Agreement and the Asset Disposition Agreement respectively. BCAL is also governed by the following acts and agreements:

- Land Act;
- University Endowment Land Act;
- Ministry of Lands, Parks and Housing Act;
- Public Service Act;
- Provincial Government Consultation Guidelines with respect to First Nations; and
- British Columbia Government Employees Union and the Professional Employees Association.

These acts and agreements establish the legal framework and principles by which BCAL operates, including the method of accounting, staffing procedures and reporting requirements.

In 1999/2000 distinct operational divisions manage the corporation's business initiatives:

- Land Management Division;
- Development and Marketing Division; and
- Business Partnerships Division.

The Corporate Services Branch, Communications Branch and the Land Program Services Branch support these divisions.

The Land Management Division manages 30,000 active tenures on provincial Crown land and processes several thousand new applications for tenures and renewals each year through its offices across the Province.

The application process is designed to ensure all applications are considered and reviewed based on a consistent set of criteria and to ensure that due diligence is brought to each application. The application process is a six stage process that includes:

1. **Application Preparation** – applicant must prepare and submit an application complete with a development management plan, site map and staking notice for the proposed tenure area.
2. **Application Submission** – upon receipt of an application by BCAL, it is registered in a tracking system and evaluated for content according to specified criteria.
3. **Initial Investigation or Referral** – Many applications require a referral process because the proposed activities may have First Nations, wildlife, water quality or other environmental impacts. The complexity of the referral process depends on the specific application. Referrals could include federal government agencies (e.g. Fisheries and Oceans), provincial ministries (e.g. Environment, Lands and Parks, Forests, Small Business etc.), First Nations, local governments, local interest groups etc.
4. **Public Consultation** – Public consultation is a core tool in making decisions on applications. Most applications are advertised and public meetings may be held depending on community interest. The scope and details of the application determine the consultation approach.
5. **Ongoing Review** – Issues and concerns raised during the referral process are reviewed and addressed by BCAL. A report is prepared which recommends the terms for the tenuring agreement and any specific provisions that may be required as a result of the review process.
6. **Decision/Tenure Award** – Input from all stages of the review process is considered before rendering a tenure decision and issuing the appropriate tenure documents.

The division manages 28 land program areas including shellfish, ski resort expansions, aggregates, commercial recreation, marinas, communication sites, utility corridors, community institutional, and commercial filming on Crown land.

The approval of new applications in the past year enabled economic development that generated more than 7,600 person years of employment during development phases, 2,700 permanent full-time jobs and almost \$816 million of new capital investment.

In the 2000/2001 fiscal year, the division will formalize its referral process with the Ministry of Environment, Lands and Parks to ensure that wildlife and habitat values are consistently incorporated into the back country commercial recreation program.

The Development and Marketing Division identifies, develops and markets Crown land on behalf of the Provincial Government. Land approved for sale is sold in accordance with all relevant government policies as noted on page 4.

Crown land is marketed for a variety of uses including residential, commercial, industrial, agricultural and recreational purposes. This is an essential activity in the northern portions and some central interior areas of B.C. where Crown land may represent the only source of supply. The corporation has placed an increased focus on identifying development potential in rural communities and in making Crown land available to facilitate local economic growth.

The Business Partnerships Division undertakes business evaluations of major government assets and related operations to determine opportunities to increase value to the taxpayer, while addressing investment, community development and job creation objectives. Successful ventures can be achieved through a range of options – from outright divestiture to restructuring of business operations with strategic business partners. This division has concluded a number of initiatives including the sale of the government's light vehicle

fleet to the private sector and the restructuring of the business model and fleet management operations; the final wind-down of B.C. Systems Corporation and disposition of its assets and the successful development and negotiation of the BC Online Public-Private-Partnership.

The division also provides a core capability of expertise to government in evaluating alternative business structures (including alternative service delivery and public-private-partnerships), competitive marketing strategies, project management and negotiations.

The Corporate Services Branch is responsible for the prudent management of up to \$150 million per year in revenues, while providing efficient, effective administrative services to BCAL's corporate and regional offices. The branch provides administrative services in areas of finance, budget control and monitoring, information systems, human resources, facilities and vehicle management.

The Corporate Services Branch has been working to increase BCAL's internal capacity to manage its human resource activities and to ensure staff throughout BCAL has the necessary skills and expertise to respond to the changing business activities of the corporation.

A new operational system for land disposition and a new financial reporting system are being implemented.

In addition new information systems, including an updated Internet web site, are being developed to improve the amount and relevancy of corporate information available to our clients and the public.

The Land Program Services Branch supports the corporation's land programs, aboriginal relations and the pricing and operational policy needs. For each of these aspects of BCAL's business, the branch provides program direction, policy analysis and development,

and operational support to the corporation's three business divisions.

The Aboriginal Relations section supports provincial treaty negotiating teams, identifies interim and treaty-related measures and provides operational support including creating the Aboriginal Interest Assessment Procedures. These procedures assist staff to avoid infringement of Aboriginal rights or title when making Crown land tenure or sales decisions.

The Pricing and Policy section supports and facilitates the development of Crown land pricing, corporate and operational policies and protocol agreements with other government agencies. It serves as the corporate liaison with other government agencies and major clients on land use issues.

The Communications Branch provides corporation-wide public education and communications support to increase client and public awareness of BCAL, its Crown land management responsibilities and its development and marketing objectives. The branch provides communications counsel, communications planning, delivery and evaluation, issues management and media relations, and professional writing and publications services.

FINANCIAL STRUCTURE & RESULTS

Revenues generated through its business activities on behalf of the provincial government fund the corporation. BCAL pays all of its expenses out of earned revenues. The annual budget is based on forecast revenue and anticipated business activity in the upcoming fiscal year.

The corporation uses a portion of revenues to cover costs arising from identifying business opportunities, tendering government assets, completing sales, marketing Crown assets and lands and non-recoverable costs incurred in preparing assets for sale.

BCAL is able to undertake multi-year budgeting for long-term project activities and to capitalize project costs. BCAL's funding structure enables the organization to be more responsive to market demands and opportunities. Budgets can be modified quickly in response to demand, putting necessary resources in place when and where they are required.

In 1999/2000 gross revenues for BCAL amounted to \$145 million. The corporation contributed approximately \$113 million to the provincial government's consolidated revenue fund in that fiscal year.

ACCESSIBILITY

To support BCAL's goal of being accessible to all British Columbians, the corporation established nine regional offices throughout the province. These offices have been designed to facilitate the efficient and responsive delivery of its services. Staff operate out of Cranbrook, Fort St. John, Kamloops, Nanaimo, Penticton, Prince George, Smithers, Williams Lake and Surrey. BCAL's corporate headquarters are in Victoria.

ACCOUNTABILITY

BCAL is accountable to the people of British Columbia for its decisions and actions. This accountability is guaranteed in a number of ways.

Board of Directors

BCAL's financial and operational accountability is to the Minister of Agriculture, Food and Fisheries and Minister Responsible for Rural Development. It reports to the Minister through a ten-member Board of Directors comprised of Deputy Ministers and the President and Chief Executive Officer of BCAL. The Board is appointed annually by the Minister.

Reporting To British Columbians

BCAL operates as an agent of government and is required to comply with all government policies and directions including those that deal with Aboriginal rights and title and with Land Use Plans approved by the Ministry of Environment, Lands and Parks. It also publishes an annual performance plan in accordance with government policy. BCAL posts its publications on the internet at www.bcal.bc.ca and makes copies available from the Communications Branch. Call (250) 356-5925 for copies.

Monitoring and Auditing

The corporation ensures the contracts it enters into are monitored so that terms and conditions are met. The corporation's accounts are kept according to the guidelines established through the method of Generally Accepted Accounting Principles. In addition, its accounts are audited by the Auditor General of British Columbia.

PRICING AND POLICY PRINCIPLES

In developing Crown land policy, BCAL applies four fundamental pricing principles which are applied to all Crown land programs:

- Equity and Fairness;
- Administrative Efficiency;
- Fair Return to the Crown; and
- Comparability and Consistency.

LAND USE POLICY PRINCIPLES

- Finding the most suitable land use and minimizing conflicts;
- Allocating, administering and using Crown lands fairly;
- Cooperating with other government agencies;
- Contributing to the provincial economy;
- Supporting community development and public programs;
- Using the land efficiently and effectively;
- Supporting community development, public works and industrial uses;
- Maintaining a high quality environment;
- Protecting important physical and biological features;
- Retaining options for future land use; and
- Carefully conserving and managing aquatic lands.

BUSINESS PLANNING FOR 1999/2000

During 1999/2000, BCAL undertook a comprehensive business planning process. Because its current mandate had only been in place for about eighteen months, it was important for the corporation to develop a detailed business plan that clearly dedicated the corporation's resources towards greater accessibility and improved responsiveness to the communities it serves throughout the province.

BCAL's work to translate its mandate into a clearly defined business plan including the development of a mission statement, corporate goals and operational principles. The corporation made a commitment to use these important statements of its business values as the foundation for the management of its day-to-day operations.

MISSION STATEMENT

To manage Crown land and assets for environmentally responsible economic growth and public benefit.

CORPORATE GOALS

The British Columbia Assets and Land Corporation is committed to working towards the achievement of the following corporate goals:

- Make Crown land resources and assets available to support growth and diversification of the province's economy.
- Evaluate major government assets to determine opportunities to increase value to the taxpayer.
- Assist communities with their local development challenges.
- Recognize the social, environmental and aboriginal values in the use of Crown land resources and assets.

- Ensure that government receives full value from the management and disposition of Crown land resources and assets.

OPERATIONAL PRINCIPLES

As BCAL strives to achieve its long-term goals, the day-to-day operations and decision-making processes are guided by a commitment to four operational principles:

1. **Leadership in innovative business solutions:** One of the key reasons BCAL was created was to facilitate economic development. BCAL does this by actively seeking out development opportunities and delivery that go beyond traditional government business models. It has a mandate to innovate.
2. **Responsive client service and stakeholder relations:** BCAL is committed to expediting the government decision-making process in order to meet the interests of its clients and the larger community. At the same time, BCAL will ensure that information about its own business processes is understandable and accessible to its clients, stakeholders and to the general public.
3. **Strong business practices:** BCAL is committed to developing strong business analysis, planning and reporting practices.
4. **Progressive organizational development:** BCAL boasts a deep pool of knowledgeable and talented staff. The corporation is committed to making best use of its expert staff by maintaining a flexible and responsive corporate culture that encourages and recognizes creative thinking and innovation, while at the same time providing a stable and secure work environment.

1999/2000 PROGRAM & PROJECT HIGHLIGHTS

Highlights

One of the key challenges identified by BCAL during the fiscal year 1999/2000 was the need to improve the responsiveness and accessibility of the corporation to British Columbians. To accomplish this task while maintaining the corporation's focus on the fulfillment of its core business – to make Crown land and assets available for environmentally responsible growth and public benefit – it undertook a number of development projects. These projects were intended to support the growth of the provincial economy by facilitating a variety of residential, commercial, industrial, agricultural and recreational uses of Crown land, and, by the efficient utilization of major Crown assets through innovative business partnership agreements.

During the year 1999/2000, the British Columbia Assets and Land Corporation worked towards the successful completion of numerous economic development projects. Some of the highlights of the year's activities include the following programs and projects:

SHELLFISH PROGRAM

In July 1999, BCAL and BC Fisheries launched the provincial Shellfish Development Initiative in direct response to the interests of:

- coastal communities to diversify their economies;
- First Nations to develop economic opportunities; and
- The shellfish industry to expand existing business.

The government assigned BCAL lead responsibility for this initiative to expedite the shellfish tenure process.

BCAL responded by creating a 'one-stop' shellfish aquaculture licensing and tenure office in Nanaimo.

The ten-year program is designed to provide a timely and efficient shellfish tenure process that encourages innovation and diversification in local communities and creates jobs while protecting the environment.

The government of British Columbia purposefully decided to expand the shellfish aquaculture industry for two primary reasons:

1. Shellfish aquaculture is an environmentally friendly industry dependent on a healthy, vibrant eco-system. The industry requires clean growing waters and is therefore playing a major role in the remediation of local water quality.
2. The shellfish aquaculture industry has the potential to become a \$100 million sustainable industry and a major force in developing and diversifying coastal rural economies.

With BCAL as its agent, the government is supporting the expansion of a sustainable shellfish industry by doubling the amount of land currently used for shellfish aquaculture over the next ten years, in consultation with First Nations and coastal communities. BCAL is working with local communities to identify how best to maximize local employment benefits and to identify where tenures should be located. Expansion is aimed at areas where people are no longer sustained by forestry or other types of fishing employment.

During the initial implementation year of the shellfish initiative, BCAL issued tenures to First Nations on Gabriola Island in Quatsino Sound and on the west

coast of Vancouver Island in Clayoquot Sound to grow shellfish. In March 2000, BCAL approved and issued 26 shellfish expansion applications to existing shellfish farms on Crown foreshore.

The 1998 Western Economic Diversification Report estimated that shellfish aquaculture has the potential to create up to 1,000 new industry jobs over the next ten years and generate \$100 million annually in British Columbia's coastal communities.

SKI PROGRAM

In 1999, BCAL became responsible for managing ski resort expansions and development in accordance with the Commercial Alpine Ski Policy used to tenure Crown land for ski area development. The Commercial Alpine Ski Policy is designed to facilitate the growth of the ski industry and to lead the provincial review/approval processes for the development of ski resorts on Crown land in British Columbia. BCAL receives lease revenues and land sale revenues from the development of a ski area. BCAL's role is to expedite the review and approval processes for ski resorts, while balancing First Nations, environmental and stakeholder considerations. Under this policy process, BCAL co-ordinates the inter-agency and public review of the Ski Area Master Plans, negotiates Master Development Agreements, tenures the approved Crown land use, co-ordinates the necessary permitting of relevant provincial agencies, and manages the ski area operating tenures.

In 1999/2000, two major ski resort expansion projects successfully completed the approval processes.

GOLDEN PEAKS RESORT INC.

On March 7, 2000, the provincial government and Golden Peaks Resort Inc. entered into a \$200 million master development agreement allowing the Kicking Horse Mountain Resort in Golden to expand its existing ski operations. As a result of the agreement

the ski resort can expand onto 163 hectares of Crown land. Through a lease arrangement with BCAL, Golden Peaks Resort Inc. will expand the existing White Tooth ski hill including the construction of six new ski lifts and a gondola.

The eight-year phased development project also includes plans to purchase another 113 hectares of Crown land for commercial and recreational development to support 2,323 square metres of commercial development at the base of the mountain, three new hotels totaling 442 rooms, 150 strata-titled chalet units, 298 townhouses and 65 detached homes.

The development of a world-class ski resort promises to transform the Golden area into one of British Columbia's major tourism destinations. The ski area expansion project is expected to create between 350 and 500 permanent jobs and bring new economic opportunities to the community of Golden.

SILVER STAR MOUNTAIN RESORTS INC.

On March 23, 2000, the provincial government approved a base area development plan for Silver Star Mountain Resort Inc. near Vernon which provides the long-term direction for a \$150 million development of a dynamic ski resort.

The existing partnership between Silver Star and the Province (February 28, 1983 master development agreement) approved-in-principle the sale of 164 hectares of Crown land for commercial and residential development at the base of the mountain. New ski village facilities will be constructed including a guest services centre and pub, a restaurant and a brown bag eating area, 536 new hotel rooms, 559 townhouses and 243 single detached homes. In addition, improved business and park space will be developed. The development agreement also provides direction for the development and management of 660 hectares of Crown land for controlled recreational use as a ski hill in accordance with the *Land Act* of British Columbia.

This ten-year development project is expected to create approximately 150 new permanent jobs and approximately 600 new seasonal jobs at the ski area. The project also contemplates 750 person-years of employment during the construction phase of the development project.

TENURE APPLICATIONS

During 1999/2000, BCAL continued to reduce the backlog of tenure applications giving priority to applications with economic spin-offs. Over the past two years, BCAL has approved approximately 3,870 tenure applications (refer to page 4, Land Management Division, for an explanation of the tenure application and review process). Each application is evaluated according to specified criteria designed to balance socio-economic concerns and economic development objectives. Development projects planned for the newly issued Crown tenures will result in more than 7,600 person years of employment created during the construction phases and about 2,700 permanent full-time jobs resulting from various business initiatives including:

- Fibre Optic Lines connecting Vancouver Island and the Mainland;
- Inter-provincial pipeline in the Peace-River;
- Commercial film tenures in the Lower Mainland; and
- Site Development for the Nicola Valley Institute of Technology at Merritt.

Total capital investment resulting from the approved tenure applications around the province is conservatively estimated at \$816 million.

ABORIGINAL INTEREST ASSESSMENT PROCEDURES

In 1999, BCAL established the *Aboriginal Interest Assessment Procedures*. These procedures are designed to ensure that the corporation's operational activities are carried out consistently in accordance with the provincial Consultation Guidelines of September 1998. The procedures are intended to provide the basis for the corporation's thoughtful compliance with provincial directions and policy on aboriginal rights and title. The procedures are also intended to enable BCAL to continue its business while at the same time addressing aboriginal interests.

ROBERTS BANK FARMLAND

Thirty years ago approximately 4,000 acres of farmland near Roberts Bank was expropriated and slated for industrial development. The development never took place and some of the farmers continued to rent and work the land they previously had owned. In August, 1988 the province announced a plan to return some of the farmland to private ownership and make a more productive use of Agricultural Land Reserve lands. Some of the Crown-leased farmland, commonly known as the Roberts Bank Back-up Lands, would be made available for purchase by the current farmland tenants.

In order to enable this sale, the province signed a protocol agreement with the Tsawwassen First Nation. The protocol sets aside about 1900 acres of Crown land in Delta for possible treaty settlement. BCAL may lease these lands but may not sell them without the agreement of the Tsawwassen First Nation.

During 1999/2000, BCAL successfully sold 1,340 acres, or 19 parcels representing 56% of the farmland acreage inventory to existing tenants. A competitive bid process will sell the remaining inventory of 16 farmland parcels open to all farmer tenants in the Roberts Bank Back-up lands. BCAL expects to complete this project in the coming year.

WOSS COMMUNITY

The transition of Woss to a private community was an initiative undertaken by BCAL in direct response to requests from the Regional District of Mount Waddington (RDMW), the residents of Woss and Canfor. In November 1999, the residential community of Woss, on northern Vancouver Island, was transformed from a Canadian Forest Products (Canfor) company-owned town on Crown land to British Columbia's newest hamlet. The town of Woss was originally established in 1947 within Canfor's Tree Farm License in the Nimpkish Valley and within the Regional District of Mount Waddington.

BCAL acted as agent for government enabling 149 former tenants to purchase the Crown land on which their homes are situated. BCAL managed and negotiated this complex transaction between the province, Canfor, the RDMW and the Resident's Association. The resulting partnership gave this community the capability to set its own direction.

CUMBERLAND'S INDUSTRIAL PARK

BCAL assisted the town of Cumberland to recover from the decline of its mainstay coal industry and to support the town in meeting its goals of economic diversity, job creation and an extended tax base. In August 1999, it released a 54-acre parcel of Crown land for sale for the purpose of industrial development in the town of Cumberland.

To facilitate the successful land transfer, the area was re-zoned for light industrial use in Cumberland's Official Community Plan to provide opportunity for economic development and investment in the region.

SONGHEES HILLSIDE DEVELOPMENT SITE

During 1999/2000, BCAL completed the planning and rezoning process with the City of Victoria to prepare Crown land, located on Victoria's Inner Harbour, for redevelopment and marketing. The site, known as the Songhees Hillside Development Site, is comprised of approximately 7.8 acres of Crown land. As part of the comprehensive development plan, a new 1.8 acre park will be built as an amenity for the emerging residential neighbourhood.

A new shopping center called Westside Village was recently completed, just a short walk from the proposed development site. The centre was built on land previously owned by the province and features a 35,000 square foot grocery store, drug store, retail shops, cafes and restaurants. BCAL is now preparing to implement the approved remediation plan to prepare the Songhees site for residential development. BCAL anticipates the successful marketing of this property during the fiscal year 2000/2001.

BC ONLINE PARTNERSHIP

In April 1999, BCAL completed the development and negotiation of a ten-year public-private partnership agreement with MacDonald Dettwiler (MDA) to operate the provincial government's BC Online service. MDA was the lead proponent of a Request for Proposals issued by the government to identify a suitable partner for BC Online.

Highlights of the BC Online partnership agreement between the provincial government and MDA include:

- A business acquisition fee of \$55 million in revenue being paid to the provincial government;
- The creation of approximately 2,000 jobs over a ten-year period; and
- A greater B.C. profile in the high-tech industry.

In addition, BC Online acquired the necessary capital investment and entrepreneurial management for business growth to remain competitive. The government gained new royalty and future revenue opportunities.

AGGREGATE BUSINESS UNIT

In spring 2000, BCAL created the Aggregates Business Unit to improve the management of aggregate tenures and the level of service to the industry. Aggregate refers to all types of sand, gravel and rock that is used to build and maintain roads, bridges, playing fields, buildings, water and sewer systems and other physical infrastructure. BCAL is one of many agencies involved in regulating the aggregate industry as a whole, but is the lead agency in managing resources on Crown land. This unit was established to provide efficient and effective tenuring services to the industry.

As a first step in accomplishing this goal, BCAL is working with the Provincial Aggregate Advisory Panel to review the development of aggregate resources in B.C.

BCAL'S BUSINESS PRIORITIES FOR 2000/2001

BCAL's business priorities, key activities and performance measures for 2000/01 are reported in detail in the Business Plan which is available through the web site www.bcal.bc.ca. The corporation's business priorities for the coming year include:

- identifying new opportunities that maximize the value of Crown land and assets;
- increasing business capacity, strengthening management practices and encouraging innovation to meet the corporation's mandate;
- supporting new delivery models that reflect clear performance and results;
- making business approaches more transparent and accessible; and
- advancing community economic development projects using corporate expertise that cuts across all divisions.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

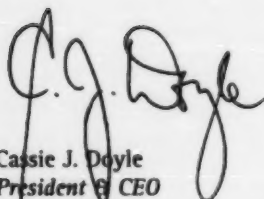
**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

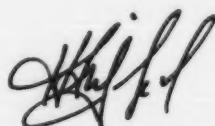
The financial statements of British Columbia Assets and Land Corporation have been prepared by management in accordance with generally accepted accounting principles. The financial statements present fairly the financial position of the company as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial statements in a timely manner.

The Auditor General of British Columbia has performed an independent audit of British Columbia Assets and Land Corporation. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the financial statements of British Columbia Assets and Land Corporation.



Cassie J. Doyle
President & CEO



H.F. (Hugh) Wilzewski, CA
Executive Financial Officer



Report of the Auditor General of British Columbia

To the Shareholder of British Columbia Assets and Land Corporation:

I have audited the balance sheet of the *British Columbia Assets and Land Corporation* as at March 31, 2000 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements represent fairly the financial position of the *British Columbia Assets and Land Corporation* as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Victoria, British Columbia
May 19, 2000

Wayne Strelloff, CA
Auditor General

BRITISH COLUMBIA ASSETS & LAND CORPORATION

BALANCE SHEET AS AT MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

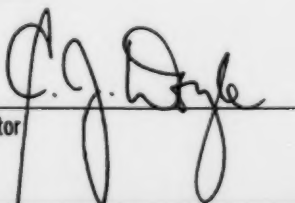
	2000	1999
	\$	\$
ASSETS		
Current assets		
Cash	79,133	13,028
Temporary Investments (Note 3)	31,602	17,577
Accounts receivable	10,466	8,108
Work-in-progress	4,422	5,442
	<u>125,623</u>	<u>44,155</u>
Mortgage receivable (Note 4)	1,789	-
Property held for sale	16	16
Capital assets (Note 5)	990	172
	<u>128,418</u>	<u>44,343</u>
LIABILITIES		
Accounts payable & accrued liabilities	4,621	743
Deferred revenue	1,083	2
Due to the Province of British Columbia (Note 6)	105,639	27,619
	<u>111,343</u>	<u>28,364</u>
SHAREHOLDER'S EQUITY		
Share capital (Note 13)	-	-
Contributed surplus	13,278	13,278
Retained earnings	3,797	2,701
	<u>17,075</u>	<u>15,979</u>
	<u>128,418</u>	<u>44,343</u>

Contingent liabilities (Note 14)

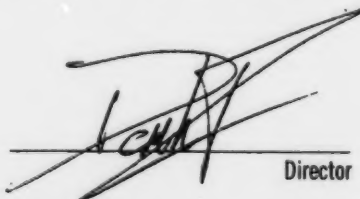
The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Director



Director



BRITISH COLUMBIA ASSETS & LAND CORPORATION
STATEMENT OF OPERATION AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2000
(TABULAR AMOUNTS IN \$000s)

REVENUES	2000	1999
	\$	\$
Land and project sales	1,978	-
Fees (Note 7)	21,470	15,256
Recoverable costs (Note 8)	7,391	535
Interest earned (Note 9)	2,040	850
Other revenue	129	138
	33,008	16,779
EXPENSES		
Administration	1,250	683
Amortization	225	62
Contract services	2,416	2,281
Project costs (Note 8)	7,463	608
Rent	995	788
Salaries and benefits	10,850	10,868
Telecommunication and systems	1,713	1,334
	24,912	16,624
NET INCOME FOR THE YEAR	8,096	155
RETAINED EARNINGS - BEGINNING OF YEAR	2,701	2,546
DIVIDEND DECLARED (Note 10)	(7,000)	-
RETAINED EARNINGS - END OF YEAR	3,797	2,701

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

	2000	1999
	\$	\$
OPERATING ACTIVITIES		
Net income	8,096	155
Items not affecting cash -		
Amortization of capital assets	225	62
Net (increase) decrease in non-cash working capital		
Accounts receivable	(2,358)	(7,467)
Work-in-progress	1,020	(5,171)
Mortgage receivable	(1,789)	-
Accounts payable	3,878	505
Deferred revenue	1,081	2
Due to the Province	78,020	26,948
Dividend payable	(7,000)	-
	<u>81,173</u>	<u>15,034</u>
INVESTING ACTIVITIES		
(Increase) in equipment	(1,043)	(107)
NET INCREASE IN CASH	<u>80,130</u>	<u>14,927</u>
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>30,605</u>	<u>15,678</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u><u>110,735</u></u>	<u><u>30,605</u></u>
Cash and cash equivalents consist of:		
Cash	79,133	13,028
Temporary Investments	31,602	17,577
	<u><u>110,735</u></u>	<u><u>30,605</u></u>

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

1. The Corporation

British Columbia Assets and Land Corporation (the "Corporation"), wholly owned by the Province of British Columbia, was incorporated under the *Company Act of British Columbia*, on January 5, 1983, as W.L.C. Developments Ltd. Effective June 1, 1998, the Corporation's name changed to British Columbia Assets and Land Corporation.

The Corporation's three major divisions and principal objectives are:

- Development and Marketing Division - develop and market Crown lands on behalf of the Province of British Columbia;
- Land Management Division - administer Crown land tenures on behalf of the Province of British Columbia; and
- Business Partnerships Division - manage the marketing of, or public/private partnership arrangements concerning, major government assets or operations on behalf of the Province of British Columbia.

The Corporation is exempt from federal and provincial income taxes.

2. Significant accounting policies

Financial statements are prepared in accordance with generally accepted accounting principles.

Cash and temporary investments include moneys held by the corporation on behalf of the Province of British Columbia from funds received from sales of Crown lands and collection of fees that are not part of the corporation's revenues and expenses. These amounts are offset by an amount due to the Province.

Temporary investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the Portfolio and may be realized upon sale of units.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

Work-in-progress represents eligible development and marketing expenses incurred to promote the sale of designated Crown land and major government assets. These expenses are recoverable when the Crown land or assets are sold or other arrangements made. Operating or administrative expenses of the Corporation are excluded.

Property held for sale represents Whistler, British Columbia landholdings and improvements recorded at the lower of cost and estimated net realizable value.

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Assets costing less than \$1,000 are expensed in the year purchased.

Computer equipment and software	three years
Furniture and equipment	five years
Leasehold improvements	over the term of the Lease

Fees are recognized from:

- Land sales when all material requirements related to the transactions have been met and the appropriate cash down payment or appropriate security has been received;
- Crown land tenures when the tenures are due; and
- Government asset sales in accordance with the contractual obligation for the sale of the asset.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of work-in-progress at the date of the financial statements. Actual results could differ from these estimates.

3. Temporary investments

	2000	1999
	\$	\$
Cost	31,602	17,577
Unrealized gain	3	10
Market Value	<u>31,605</u>	<u>17,587</u>

4. Mortgage receivable

The Corporation accepted a 1st mortgage from Blackcomb Skiing Enterprises Limited Partnership for the sale of land. This is a 30-month mortgage at 4% interest. The principal and interest is payable at maturity.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

5. Capital assets

	2000		1999
	Cost	\$ Accumulated Amortization	\$ Net
Computer equipment and software	855	250	605
Furniture and equipment	243	35	208
Leasehold improvements	200	23	177
	<u>1,298</u>	<u>308</u>	<u>990</u>
			<u>172</u>

6. Due to the Province of British Columbia

The Corporation, pursuant to a number of different agreements, collects moneys on behalf of the Province of British Columbia and remits to the Province their portion.

During the past year the Corporation has not remitted to the Province their portion of land sales or land tenure fees collected.

	2000	1999
	\$	\$
Due to (from) the Province		
Land sales	68,930	27,868
Land tenure	20,696	(11,383)
Asset disposition	403	-
Interest	1,334	-
Trade	7,276	11,134
Dividend	7,000	-
	<u>105,639</u>	<u>27,619</u>

7. Fees

	2000	1999
	\$	\$
Development and Marketing	4,985	2,908
Land Management	12,894	12,292
Business Partnerships	3,591	56
	<u>21,470</u>	<u>15,256</u>

BRITISH COLUMBIA ASSETS & LAND CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

8. Recoverable costs and project costs

On completion of Crown land and asset sales, the Corporation is reimbursed all eligible project costs related to the sale.

9. Interest earned

Interest earned on funds held on behalf of the Province is reported as income of the Corporation as authorized by the Delegation Agreement signed with the Province of British Columbia.

10. Dividends

The Corporation declared a \$7,000,000 dividend on March 30, 2000. As of March 31, 2000 the dividend had not been paid.

11. Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Corporation is economically dependent upon the Province to provide Crown land and major government assets to market and sell, and on the assignment of responsibility for administering Crown land tenures as a means of generating revenue.

12. Pension plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Pension (Public Service) Act*. The plan is a defined benefit plan and is administered by the Superannuation Commission of the Province of British Columbia. The Province of British Columbia has statutory responsibility for any unfunded liability.

The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. During the year, employer contributions of \$384,819 were refunded to the Corporation, which was credited to salaries and wages.

13. Share capital

The Corporation has authorized capital consisting of 10,000 common shares with no share value. The Minister of Agriculture, Food and Fisheries holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

BRITISH COLUMBIA ASSETS & LAND CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

(TABULAR AMOUNTS IN \$000s)

14. Contingent liabilities

The Corporation is the defendant in legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the Corporation.

15. Commitments

The Corporation has entered into facilities leases for office space expiring on various dates to 2005. Future minimum payments under these leases are as follows:

Year	\$
2001	1,278
2002	1,291
2003	1,326
2004	1,286
2005	1,140
Total	<u>6,321</u>

16. Comparative figures

Certain 1999 comparative figures have been reclassified to conform to the presentation adopted in the current year.

Appendices

A P P E N D I X 1 F O U R O F D I R E C T O R S
A S O F M A R C H 3 1 , 2 0 0 0

Cassie J. Doyle

President and CEO,
British Columbia Assets and Land Corporation

Jack Ebbels

Chair
Deputy Minister of Energy and Mines

Derek Thompson

Deputy Minister of Environment, Lands and Parks

Catharine Read

Deputy Minister of Small Business,
Tourism and Culture

Philip Stoenkamp

Deputy Minister of Aboriginal Affairs

Blair Redlin

CEO and President, BC Transportation Financing
Authority

Chris Trumpy

Secretary of Treasury Board, Ministry of Finance and
Corporate Relations

Charles Kang

Deputy Minister of Employment and Investment

Lee Doney

Deputy Minister of Forests

Margaret Arthur

Deputy Minister of Agriculture, Food and Fisheries

Appendices

APPENDIX 2
BRITISH COLUMBIA ASSETS AND LAND
CORPORATION OFFICES

Cranbrook

205 Industrial Road G
Cranbrook, BC, V1C 7G5
Tel: (250) 489-8510
Fax: (250) 489-8550

Fort St. John

Room 400, 10003 - 110th Avenue
Fort St. John, BC, V1J 6M7
Tel: (250) 787-3412
Fax: (250) 787-3219

Kamloops

3rd Floor, 145 - 3rd Avenue
Kamloops BC, V2C 3M1
Tel: (250) 377-7000
Fax: (250) 377-7036

Nanaimo

2080-A Labieux Road
Nanaimo, BC V9T 6J9
Tel: (250) 751-3160
Fax: (250) 751-3116

Penticton

#201, 3547 Skaha Lake Road
Penticton, BC V2A 7K2
Tel: (250) 490-8229
Fax: (250) 492-1314

Prince George — Land Management

455-1011 4th Avenue
Prince George, BC V2L 3H9
Tel: (250) 565-6779
Fax: (250) 565-6941

Prince George — Land Sales

350 - 1011 4th Avenue
Prince George, BC V2L 3H9
Tel: (250) 565-6541
Fax: (250) 565-6518

Smithers

3rd Floor, 3726 Alfred Avenue
Smithers, BC V0J 2N0
Tel: (250) 847-7334
Fax: (250) 847-7556

Surrey — Land Management

Suite 200, 10428 - 153rd Street
Surrey, BC V3R 1E1
Tel: (604) 586-4400
Fax: (604) 586-4434

Surrey — Land Sales

Suite 302, 10428 - 153rd Street
Surrey, BC V3R 1E1
Tel: (604) 586-2882
Fax: (604) 586-2900

Vancouver Island — Land Sales

PO Box 9476 STN PROV GOVT
Victoria, BC V8W 9W6
Tel: (250) 952-6246
Fax: (250) 952-6237

Williams Lake

Suite 201, 172 North Second Avenue
Williams Lake, BC V2G 1Z6
Tel: (250) 398-4574
Fax: (250) 398-4836

Corporate Offices - Victoria

5th Floor, 609 Broughton Street
Victoria, BC, V8W 1C8
Tel: (250) 952-6246
Fax: (250) 952-6237